

ClearBridge Dividend Strategy Fund

Class A: SOPAX Class I: SOPYX

Commentary | as of March 31, 2025

Key Takeaways

- **Markets:** U.S. equities declined -4.3% due to increasing caution surrounding AI-levered Magnificent Seven stocks and concerns surrounding rapidly escalating tariffs.
- **Contributors:** Stock selection in the industrials, communication services and consumer staples sectors as well as underweights to IT and consumer discretionary and overweights to energy, consumer staples and materials contributed positively.
- **Detractors:** Stock selection in the utilities, financials and IT sectors detracted.
- **Outlook:** Our outlooks for the economy and the markets have grown more cautious. It will be a bumpy multiyear process to re-order the system of global trade, commerce and security. While we suspect markets will continue to remain choppy, we are confident in our companies' ability to profitably navigate the turbulence and deliver continued, robust dividend growth.

Performance Review

- Despite a 4.3% decline in the benchmark S&P 500 Index in the first quarter, the ClearBridge Dividend Strategy proved resilient. The Strategy delivered a positive quarterly return on a gross basis and also outperformed the benchmark on a net basis.
- Our outperformance stemmed from several factors. First, we are significantly underweight information technology (IT) and consumer discretionary companies. Over the last few years, we have reduced exposure in IT due to concerns about elevated valuations and market concentration. Our underweight to consumer discretionary is more structural, as we prefer to own companies whose products are not viewed by their customers as being "discretionary."
- Our large overweight to energy and superior stock selection in consumer staples, where Nestle and Coca-Cola performed well, and industrials, led by contributions from defense stocks RTX and Northrop Grumman, also helped.
- Meanwhile, our California utilities Sempra and Edison International were down as wildfires in the state heightened investor concerns over the health of the state's utility-backed wildfire fund.

Outlook

- As events have unfolded, our outlook for the economy and the markets have grown more cautious. It will be a bumpy multiyear process to re-order the system of global trade, commerce and security. While there may be long-term benefits to the U.S. (or some groups within the U.S.), in the short term it unavoidably introduces headwinds. It is a bit of a one-two punch for stocks. Tariffs and trade wars lower earnings due to reduced sales and higher costs. These fundamental headwinds are exacerbated by money flowing out of the U.S. as investors take profits and redeploy to a newly resurgent Europe.
- We feel we are well-positioned for the current environment, however. Over the last several years, as the market soared, we redoubled our emphasis on valuation. We reduced our exposure to higher-multiple stocks we viewed most at risk of multiple compression and redeployed those monies into more conservatively priced securities in stable sectors like consumer staples, health care and utilities. While we suspect markets will continue to remain choppy, we are confident in our companies' ability to profitably navigate the turbulence and deliver continued, robust dividend growth.

Morningstar Rating™

Overall Rating as of March 31, 2025



(4-Star) Class A



(4-Star) Class I

As of 03/31/2025 the fund's Class I and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 1092, 1030 and 808 Large Value funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Equity Issuers (% of Total)

Holding	Fund
Nestle SA	3.78
Microsoft Corp	3.46
Exxon Mobil Corp	3.31
Enbridge Inc	3.28
Williams Cos Inc/The	3.20
Sempra	3.12
JPMorgan Chase & Co	3.10
Becton Dickinson & Co	3.10
Travelers Cos Inc/The	2.94
Visa Inc	2.88

Sector Allocation (Equity as a % of Total)

Sector	Fund
Financials	16.26
Health Care	12.35
Consumer Staples	11.09
Energy	11.08
Information Technology	11.00
Communication Services	9.29
Industrials	8.36
Materials	7.00
Utilities	4.98
Real Estate	4.58
Consumer Discretionary	3.18

Average annual total returns and fund expenses (%)

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	
Class A	52469H636	SOPAX	1.13	1.13	9.74	7.71	16.53	10.66	9.29	-4.44	-4.44	3.70	5.61	15.16	10.01	9.10	1.02	1.02	5.50	—	11/6/1992
Class I	52469H594	SOPYX	1.22	1.22	10.07	8.02	16.86	10.98	9.18	1.22	1.22	10.07	8.02	16.86	10.98	9.18	0.74	0.74	—	—	2/7/1996
Benchmark	—	—	-4.27	-4.27	8.25	9.06	18.59	12.50	—	-4.27	-4.27	8.25	9.06	18.59	12.50	—	—	—	—	—	

Benchmark(s)

Benchmark = S&P 500 Index

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 12/31/2025 without Board consent. Actual expenses may be higher and may impact portfolio returns.

Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

What are the Risks?

All investments involve risks, including possible loss of principal. **Equity securities** are subject to price fluctuation and possible loss of principal. **Real estate investment trusts (REITs)** are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **Short selling** is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

Glossary

The **Magnificent Seven** stocks are Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 03/31/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class A shares received a Morningstar Rating of 4, 3 and 5 and fund's Class I shares received a Morningstar Rating of 4, 3 and 5 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class I shares only. Other share classes may have different Morningstar ratings.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.